



# TRANSFORMATIONAL OIL AND GAS PRODUCTION OPPORTUNITIES IN AFRICA

JUNE 2020





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# A DUAL LISTED INTERNATIONAL OIL AND GAS PRODUCTION COMPANY FOCUSSED ON TRANSFORMATIONAL OPPORTUNITIES IN AFRICA

## Development strategy defined by:

- Acquiring and developing assets with untapped reserves and existing production
- Maximising revenue by implementing low-cost oil production models
- Ownership and operatorship of key equipment - minimises the reliance on external oilfield service companies

## Near-term Operational Activity

- **TLP-103C** : Preparations for drilling actives in well TLP-103C of the Tilapia License, Republic of the Congo, targeting the potentially highly productive Mengo and Djeno horizons.

## Recent Highlights

*Zenith is engaged in an countercyclical acquisition campaign of highly prospective oil production and development assets in Africa*

- 1 Republic of Congo:** Acquisition of a 100% interest in AAOG Congo, operator of the potentially highly productive Tilapia oilfield. (Subject to final regulatory approval -expected imminently)
- 2 Tunisia:** Signing of conditional sale and purchase agreement with KUFPEC for a working interest in an onshore oil production asset currently producing at a rate of approximately **700 BOPD**.
- 3 West Africa:** Final stage negotiations with a national oil authority for: 1. an oil production asset, (last producing at a rate in excess of **1,000 BOPD**) 2: Producing second asset, (operated by an international oil major), currently producing **600 BOPD**.

## METRICS

### KEY SHAREHOLDERS:

Board of Directors,  
Mirabaud & Cie (Europe) SA,  
Premier Miton Investors,  
Mr. Dean Clark

### STOCK TICKER

(LSE: ZEN /  
OSE: ZENA-ME)

### MARKET CAP CIRCA (APPROX)

£8M

### SHARES IN ISSUE (APPROX)

792M



# TRANSFORMATIONAL REVENUE GENERATING OIL PRODUCTION OPPORTUNITIES IN AFRICA

PRODUCTION  
POTENTIAL  
OF APPROX

2,000 - 3,000 BOPD

BY CLOSE OF 2020



## EUR 25 MILLION EMTN PROGRAMME

- Zenith has launched a EUR 25,000,000 multi-currency Euro Medium Term Notes (EMTN) Programme.
- The EMTNs are admitted to trading on the Third Market (MTF) of the Vienna Stock Exchange and will be due on January 27, 2024.

- *\*The Notes are governed by Austrian law and are not convertible into Zenith equity.*
- *\*The issue of the Notes is aligned with the Company's strategy of diversifying its financing towards non-equity dilutive funding to support its potentially transformational asset acquisition activities in Africa.*

*To date, Zenith has issued the following, multi-currency Euro Medium Term Notes at part value: (\*the "Notes")*

1

*EURO 1,000,000 bearing an interest of 10.125% per year the "EUR-Notes"  
ISIN: XS2108546735*

2

*GBP 1,000,000 bearing an interest of 10.5% per year the "GBP-Notes"  
ISIN: XS2108546578*

3

*USD 1,000,000 bearing an interest of 10.375% per year the "USD-Notes"  
ISIN: XS2108546651*

4

*CHF 1,000,000 bearing an interest of 10.00% per year the "CHF-Notes"  
ISIN: XS2108546818*



## ACQUISITION HIGHLIGHTS

### ▶ REPUBLIC OF THE CONGO, TILAPIA



CURRENT  
PRODUCTION  
(BOPD)

30  
BOPD

PRODUCTION  
POTENTIAL FOLLOWING  
DRILLING

UP TO 5,000  
BOPD

NATIONAL  
PRODUCTION  
APPROX

350,000  
BOPD

#### Geographic position

- Located in the Lower Republic of the Congo Basin, West African Atlantic Margin, which extends from Gabon down to Angola, a prolific hydrocarbon region
- Individual wells in this region have recorded production rates of up to **5,000 barrels of oil per day**.
- Acreage is situated 1.8km offshore (drilled from onshore negating the necessity of offshore drilling equipment)
- First production in 2008.
- Close to nearby infrastructure (Oil storage /processing facilities - 45-minute drive from Point Noire and 17km from nearest refinery.)

#### Upside potential

- Successful recent drilling undertaken during 2018 and 2019 identified multiple potential productive reservoirs within the License across a number of formations including the regionally proven Mengo and Djeno reservoirs
- Recent expert wireline log analysis\* (has indicated that reservoir quality is "between good and excellent".

\*commissioned by AAOG Congo after drilling activities in the Djeno

#### Highly strategic acquisition

- Zenith has acquired 100% of AAOG Congo, the operator of the Tilapia oilfield with a 56% interest.
- Remaining 44 percent is held by the national oil company, Société Nationale des Pétroles du Congo ("SNPC").



# ACQUISITION HIGHLIGHTS

## ▶ REPUBLIC OF THE CONGO, TILAPIA



CURRENT  
PRODUCTION  
(BOPD)

30  
BOPD

PRODUCTION  
POTENTIAL FOLLOWING  
DRILLING (BOPD)

UP TO 5,000  
BOPD

NATIONAL  
PRODUCTION  
APPROX (BOPD)

350,000  
BOPD

Currently finalising negotiations to contract a drilling rig, currently being used by an international oil major in a neighbouring oilfield.

SNPC owes AAOG Congo approximately **US\$5.3 million**. Zenith has met with SNPC and expects to obtain the full repayment of the aforementioned amount.

The seller of AAOG Congo has also novated 100% of the intercompany loans with AAOG Congo to Zenith as of the date of Completion, equivalent to approximately **£12.5 million**.

Zenith is commissioning a new Competent Person's Report in compliance with Canadian securities laws, specifically the COGE Handbook and National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities.

Major operators including Eni and Total operate in neighbouring fields producing from the Djeno horizon with production rates of between 1,000 to 5,000 BOPD from individual wells.

Progressing negotiations with the Congolese Ministry of Hydrocarbons to obtain a new 25-year licence for the Tilapia oilfield.

Currently planning to begin drilling activities in well TLP-103C shortly after obtaining a new 25-year licence for Tilapia.



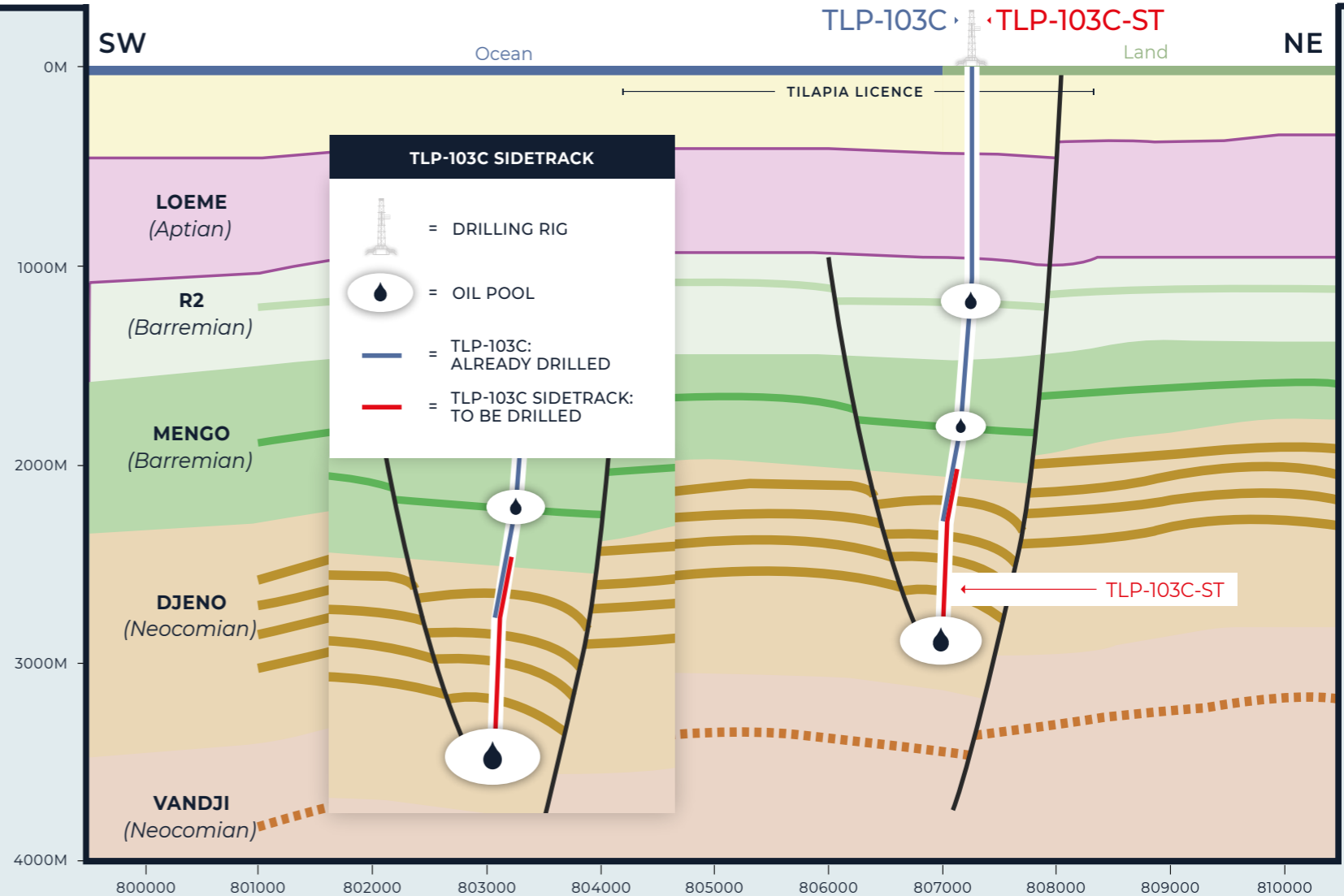
# POTENTIALLY TRANSFORMATIONAL PRODUCTION FROM THE MENGO AND DJENO FORMATIONS

## ▶ REPUBLIC OF THE CONGO, TILAPIA



As publicly announced, Zenith is finalising operational plans - including the contracting of a suitable and fully inspected drilling rig- to sidetrack TLP-103C and thereby achieve potentially transformational production from the Mengo and Djeno formations.

An independent review of the petrophysical analyses of drilling activities in well TLP-103C concluded that reservoir quality is between good and excellent, supporting the commercial decision to seek potentially transformational production from the Djeno formation.





## ACQUISITION HIGHLIGHTS

### ► TUNISIA



TOTAL CURRENT  
PRODUCTION  
REVENUE APPROX

US\$15M

TOTAL CURRENT  
GROSS ANNUAL  
PRODUCTION APPROX

700  
BOPD

NATIONAL  
PRODUCTION  
APPROX

35,000  
BOPD

#### Deal details

- Signing of a conditional sale and purchase agreement with KUFPEC, a subsidiary of the State of Kuwait's national oil company, for the acquisition of a working interest in the North Kairouan permit and the Sidi El Kilani Concession, which contains the Sidi El Kilani oilfield
- Zenith's partners will include the national oil company of Tunisia, Entreprise Tunisienne d'Activités Pétrolières (ETAP) with a 55% interest and CNPC, China National Petroleum Corporation with a 22.5% interest.
- Currently producing at a rate of approximately **700 BOPD**

#### Approvals

Completion subject to:

- Approval from the national oil company of Tunisia, Entreprise Tunisienne d'Activités Pétrolières (ETAP).



# ITALY - CASH GENERATING ENERGY PRODUCTION

- ▶ A low-risk jurisdiction with a strong EU regulatory framework



WORKING INTERESTS IN  
**368.96 KM<sup>2</sup>**  
OF ITALIAN NATURAL  
GAS PRODUCTION  
CONCESSIONS

Italy has a long and successful history of natural gas production and exploration across its territory

- Balanced energy production portfolio providing cashflow with stable low-cost natural gas production
- Moderate investment expected to achieve significant increase in natural gas production
- Highly profitable electricity is produced at the Torrente Cigno concession using low-grade sour gas production
- Italy's economy is heavily dependent on oil and gas

Zenith has signed an SPA to acquire Coro Energy Plc's entire natural gas production and exploration portfolio in Italy. Completion of the transaction is subject to approval by the Italian Ministry of Economic Development.

Upon completion, Zenith would become one of the largest natural gas production operators in Italy with a total cumulative production from its Italian portfolio of approximately 55,000 scm/day (approximately 322 BOE per day).



NATURAL GAS  
2P RESERVES  
**16.3**  
BCF

CONDENSATE  
2P RESERVES  
**255**  
MBBLS

**6** OPERATED  
CONCESSIONS  
**3** NON-OPERATED  
CONCESSIONS

**2** EXPLORATION  
PERMITS  
**2** EXPLORATION  
PERMITS AWAITING  
APPROVAL

MONTHLY  
ELECTRICITY  
PRODUCTION:  
**900 MWh**

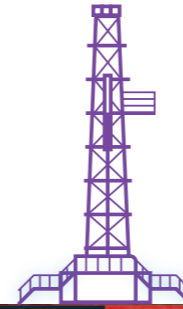
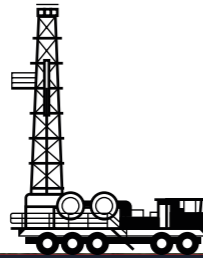
NPV  
DISCOUNTED  
AT 10%  
**US\$15M**



## OWNERSHIP OF DRILLING EQUIPMENT

- ▶ Zenith strongly believes in the benefits of owning and operating the key equipment required to develop its asset portfolio. For the following reasons: ▶

1. Cost control
2. Operational independence
3. Direct oversight on execution



1

### WORKOVER RIG

(375HP)



1

### DRILLING RIG

(1,200HP)

capable of drilling to  
a depth of approx 5,000 metres  
(depending on well design)



## SUMMARY INVESTMENT CASE

- ▶ Ideally positioned to complete a number of highly prospective acquisition opportunities at advantageous terms across Africa in the current low oil price environment

PRODUCTION POTENTIAL  
OF APPROX

2,000 -  
3,000 BOPD

BY CLOSE OF 2020



MANAGEMENT ALIGNED WITH SHAREHOLDERS - THE BOARD OF DIRECTORS AND MANAGEMENT COLLECTIVELY HOLD APPROXIMATELY **15 PERCENT** OF ZENITH'S SHARE CAPITAL.

DEVELOPMENT OF AFRICA PORTFOLIO EXPECTED TO TRANSFORM THE COMPANY INTO A MID-CAP PRODUCING AN AVERAGE OF 3,000- 5,000 BOPD.

1

*Uniquely positioned in the current low oil price environment to pursue an aggressive, countercyclical acquisition campaign in Africa targeting low-risk oil production assets generating significant production revenue even at US\$30 oil.*

4

*Stringent due diligence in place for all new assets being acquired*

2

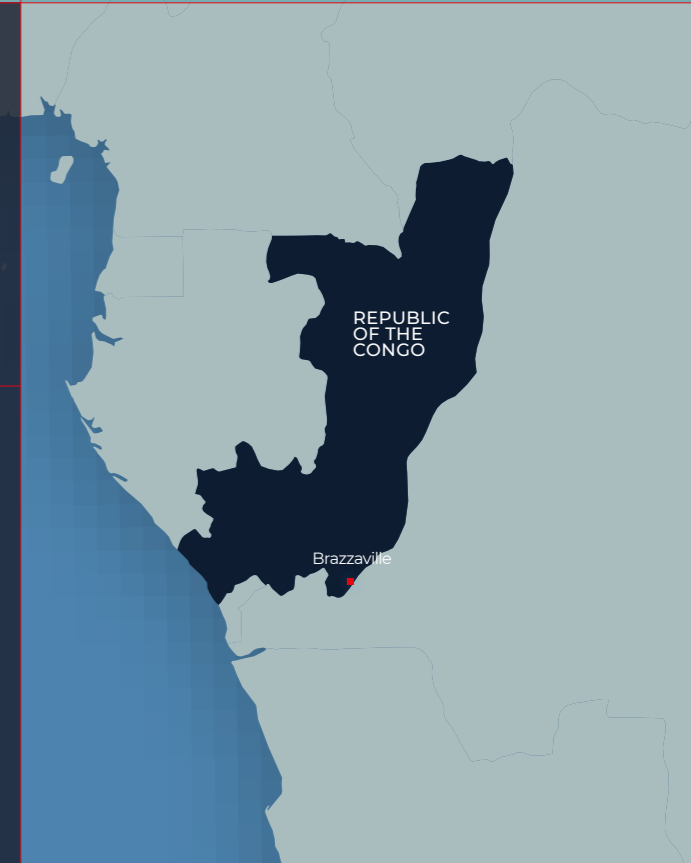
*Highly experienced operational team with proven track-record of success*

3

*Ready availability of drilling equipment and technical personal across all acquisition opportunities. (Company owns key drilling equipment including a drilling rig (1,200hp) and a workover rig (375hp))*

5

*Highly knowledgeable and well connected **Advisory Committee** recently created to support its business development activities in West Africa*







## TEAM

### ▶ Executive Directors & Senior Management



**Andrea Cattaneo**  
Chief Executive  
Officer & President  
(UK & Africa based)

Proven deal maker and government advisor with specific expertise in FSU and African countries. He has more than 30 years of experience in sovereign loans, capital markets and oil trading between Western and emerging countries. Andrea is one of Zenith's founders and largest shareholders.



**Luca Benedetto**  
Chief Financial Officer  
(UK based)

Luca Benedetto trained in Italy as a registered accountant with further education in IFRS accounting and consolidation at IPSOA Milan. He has more than twenty-five years of accounting, auditing and financial administration experience.



**Luigi Regis Milano**  
Executive Director, Managing  
Director of Italian Operations  
(Italy based)

Luigi has more than 40 years of experience in the petroleum industry during which he has been the executive director of a large trading company specialised in oil refining, processing and trading. Luigi has held a significant interest in an Italian oil refinery since 2000. Luigi is one of Zenith's founders and currently serves as Managing Director of its Italian subsidiary.



**Dr. José Ramón López Portillo**  
Chairman and Non-executive  
Director, (UK based)

Former Mexican Ambassador to Food and Agriculture Organisation (United Nations) and Minister in Mexican Federal Government. Leading researcher on the energy security of Mexico. He is also the Former Chairman of the FAO council. Holds a doctorate from the University of Oxford in political science and international relations.



**Dr. Dario Sodero**  
Non-executive Director,  
(Canada based)

Experienced energy industry executive with strong geological, technical and exploration expertise in North America, North Africa and the Middle East. Holds a doctorate in Geological Sciences from the University of Turin, Italy.



**Erik Sture Larre Jr**  
Non-executive Director  
(Norway based)

Norwegian national with strong expertise in large-scale real estate development projects, banking and the oil & gas industry. Erik served as Deputy Chairman of SpareBank 1 Nord-Norge and as Chairman of its Audit Committee.



**Sergey Borovskiy**  
Non-executive Director  
(China based)

Sergey has over 25 years of experience in business management in China and Hong Kong, he is fluent in Russian, English and Mandarin and holds a degree in economics CEO and Chairman of various oil & gas consulting, engineering, trading, chemical, seismic research and exploration services companies based in China and Hong Kong.





## CONTACT



**Zenith Energy Ltd.**

Andrea Cattaneo

Chief Executive Officer

E-mail: [info@zenithenergy.ca](mailto:info@zenithenergy.ca)

Tel: +1 (587) 315 9031